



PROPOSED RULE MAKING

CR-102 (June 2004)

(Implements RCW 34.05.320)

Do NOT use for expedited rule making

Agency: Department of Financial Institutions

- ☒ Preproposal Statement of Inquiry was filed as WSR 06-12-059; or
☐ Expedited Rule Making--Proposed notice was filed as WSR _____; or
☐ Proposal is exempt under RCW 34.05.310(4).

- ☒ Original Notice
☐ Supplemental Notice to WSR _____
☐ Continuance of WSR _____

Title of rule and other identifying information: (Describe Subject)

Regulating mortgage brokers and loan originators licensed under chapter 19.146 RCW and implementing chapter 19, Laws of 2006.

Hearing location(s):

State of Washington
House of Representatives
John L. O'Brien Building
Hearing Room C
Olympia, Washington, 98504-0600

Date: October 26, 2006 Time: 1:00 – 3:00 PM

Submit written comments to:

Name: Jeannette Terry
Address: P.O. Box 41200, 150 Israel Road, Olympia, Washington, 98504-1200
e-mail jterry@dfi.wa.gov
fax 360-586-5068 by (date) October 25, 2006

Assistance for persons with disabilities: Contact

Jeannette Terry, P.O. Box 41200, 150 Israel Road, Olympia, Washington, 98504-1200 by October 9, 2006

TTY (360) 664-8126 or (360) 902-8786

Purpose of the proposal and its anticipated effects, including any changes in existing rules:

The proposed rules repeal the old rules. The proposed rules implement the changes to the existing law by chapter 19, Laws of 2006.

The new law goes into effect January 1, 2007. Some of the key changes include:

- Mortgage broker licenses will expire annually and must be renewed
- Mortgage brokers must annually report the number and dollar volume of loans made in Washington each year
- The responsibility of designated brokers to oversee company and loan originator activity is specifically established in the new law
- Loan originators must have a license to originate loans; the license expires annually
- Loan originators must complete continuing education courses annually
- The department may examine mortgage brokers' books and records within the first five years of licensing, including branch offices
- The director is authorized to investigate for violations or complaints

These changes will assist licensees in operating their businesses in compliance with the new law. The changes will assist loan originators in receiving and maintaining their licenses. The annual expiration of mortgage broker and loan originator licenses will assist the department in tracking the licensees' annual requirements of continuing education, and the reporting of loan numbers and volumes. The new rules will assist mortgage brokers in understanding and preparing for an examination.

Reasons supporting proposal: Chapter 19, Laws of 2006 changed the existing law; the proposed rules implement the changes.**Statutory authority for adoption:** RCW 43.320.040; 19.146.223;
chapter 19, Laws of 2006**Statute being implemented:** Chapter 19, Laws of 2006**Is rule necessary because of a:**

- Federal Law? ☐ Yes ☒ No
Federal Court Decision? ☐ Yes ☒ No
State Court Decision? ☐ Yes ☒ No

If yes, CITATION:

DATE 9/1/06

NAME (type or print)
Chuck Cross

SIGNATURE

TITLE

Director, Consumer Services

CODE REVISER USE ONLYCODE REVISER'S OFFICE
STATE OF WASHINGTON
FILED

SEP 5 2006

8:41
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PM

(COMPLETE REVERSE SIDE)

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:

The department intends to implement these rules prior to the effective date of the act to facilitate the timely licensing of loan originators.

Name of proponent: (person or organization)

Department of Financial Institutions

- ☐ Private
☐ Public
☒ Governmental

Name of agency personnel responsible for:

Name	Office Location	Phone
Drafting..... Cindy Fazio, Catherine Mele-Hetter, Deb Bortner	150 Israel Road, Olympia, Washington	(360) 902-8800
Implementation....Chuck Cross	150 Israel Road, Olympia, Washington	(360) 902-8786
Enforcement.....Chuck Cross	150 Israel Road, Olympia, Washington	(360) 902-8786

Has a small business economic impact statement been prepared under chapter 19.85 RCW?

☒ Yes. Attach copy of small business economic impact statement.

A copy of the statement may be obtained by contacting:

Name: Jeannette Terry

Address: P.O. Box 41200, 150 Israel Road, Olympia, Washington, 98504-1200

phone (360) 902-8786

fax (360) 586-5068

e-mail jterry@dfi.wa.gov

☐ No. Explain why no statement was prepared.

Is a cost-benefit analysis required under RCW 34.05.328?

☐ Yes A preliminary cost-benefit analysis may be obtained by contacting:

Name:

Address:

phone () _____

fax () _____

e-mail _____

☒ No: Please explain: Not applicable to the proposed rules.